



MEMORANDUM

TO: Department Directors

DATE: December 24, 2003

FROM: David Morris, Director
Office of Strategic Business Management

SUBJECT: Proposed Capital Budget
and Multi-Year Capital Plan

It is again time for your department to prepare its capital budget submission for inclusion in the FY 2004-05 Proposed Capital Budget and Multi-Year Capital Plan (Capital Budget). The Capital Budget will be the County's capital policy and spending plan for FY 2004-05, and, as well, will serve as the multi-year planning document for capital program financing, planning, and development. It will provide the public with information through the capital sections of the Proposed Budget and budget ordinances to be considered by the Board of County Commissioners (BCC) at the budget hearings in September, 2004. As with prior year submissions, your department's Capital Budget should be consistent with any current strategic capital improvement plans and should be developed hand-in-hand with the Transportation Improvement Plan (TIP), if applicable. In fact, the TIP will be incorporated into the Capital Budget. The Capital Improvement Element of the Comprehensive Development Master Plan will be updated with information from the FY 2004-05 Capital Budget and Multi-Year Capital Plan. Your capital budget submission should also be consistent with your department's business plans and strategies for performance and service delivery.

The Capital Development Program (CDP) will continue to capture all pertinent information including specific worksite locations associated with projects, both funded and unfunded. This information will be used to update information that will soon be available on Miami-Dade County's web portal. While it is understandable that some of these worksite locations will be classified as "to be determined", as in the current year, the CDP will require actual worksites before contracts or work orders are approved by the Office of Strategic Business Management (OSBM) and the Office of Capital Improvements Construction Coordination (CICC).

As in prior years, it remains critical that the budget information accurately reflects estimates for current year expenses and milestones (e.g., start-up or completion dates) and accurately projects that information for next year's budget and for longer-range capital plans. Accuracy is especially important as it relates to projects funded by Capital Outlay Reserve (COR), gas tax, and Quality Neighborhoods Improvement Program (QNIP) funds, because such funds are available for appropriation to different departments and should not be tied up in projects that are delayed.

The departmental capital budget submissions should include funding to cover charges to the Capital Working Fund. As in prior years, this is a charge against the actual capital projects to support the cost of capital-related activities of the Department of Business Development, CICC, the Department of Procurement Management, and OSBM. The charge will be computed as a percent of needed funding compared to the actual capital expenditures of each project. For your information, based on FY 2002-03 results, the ratio was approximately 1.4 percent of actual expenditures. However, as actual expenditures fluctuate from year to year, this percent may be adjusted as the FY 2004-05 budget is developed.

The CDP is web-based and available on the County's intranet. It allows you to navigate freely and easily through the various menu options and minimize data entry requirements. Departments can access their capital budget information from any networked County computer or a computer connected to the County's remote access services (RAS). The CDP is now ready for use (accessed via <http://intra.co.miami-dade.fl.us/cdpweb>). All departments must use the CDP to prepare their capital budget submissions, including those departments requesting funding from COR. Instructions for using the CDP are included online. Departments experiencing problems accessing the application or other technical problems should contact Chris Rose at (305) 375-5143. All other questions regarding your capital budget should be directed to your budget analyst.

As in prior years, we are attempting to decompress the budget preparation workload by scheduling the development of the Capital Budget ahead of the operating budget. It makes for an earlier start of the process and allows for more orderly and thoughtful budget analysis and development. Accordingly, your capital budget submission is to be completed by Friday, January 16, 2004. It will make the work easier on all of us if you adhere to this schedule. Paper copies of work done on the CDP need not be submitted to OSBM. Confirmation, preferably by e-mail, should be sent to your budget analyst and me, when your capital budget submission is completed and ready for review by OSBM.

Departments are required to provide information on how each capital project fits into its business plan. First, you must indicate the strategic theme of the project; i.e., Ensure Miami-Dade County operates in a fiscally responsible and stable manner; Improve the quality of life for all county residents; Protect the safety and quality of Miami-Dade County's neighborhoods; Continuously improve the performance and capabilities of County operations by maximizing technology, fostering innovation, and increasing access to and information regarding services; Promote responsible and comprehensive policy development through effective planning for land use, transportation, and growth management; promote a healthy economy through business development, further economic diversification based on key industries, and by addressing economic disparities in our community; Develop and maintain an effective transportation system; Protect and preserve our unique environment; and Promote cooperation and

coordination among all government services. Second, within each of the strategic themes, you must indicate a strategic area, including Economic Development; Health and Human Services; Neighborhood and Unincorporated Municipal Services; Public Safety; Recreation and Culture; Transportation; and Enabling Strategies.

Departments must also include information on funded and unfunded projects, which require additional operating costs and start-up costs, including information technology-related components. The list of projects, which include technology-related components, will be provided to Judi Zito, Chief Information Officer, for review.

Departments are encouraged to submit requests for funding from the COR even though COR funds are limited. I urge you, though, not to make a COR request if other funding sources are available. If you feel a project warrants COR funding, and the project will be initiated during FY 2004-05, it should be included in your capital budget submission. We will review each request, and, to the extent funding is available, the priority projects will be included in the Capital Budget. As you prepare your COR requests, be as specific as possible in defining your projects and try to relate the project to your department's strategies for delivering services. Describe how the project, if funded, will enhance performance and the furtherance of strategic departmental goals.

Those departments that have projects that are currently funded through the COR should include a brief status report on each project with its submission. The status report should include a timeline indicating important dates and milestones, the status of the project, and the steps being taken to ensure the project is completed on schedule or the reasons why a project was not completed as initially planned. For all COR requests, departments are required to provide additional information including justification for funding (critical need, health or safety, service improvement, etc.), basis of estimates (prepared by the Enterprise Technology Services Department, the General Services Administration, or a prospective vendor), period of time any unfunded need has existed, ramifications of not funding the COR request, and any other supportive information that will assist OSBM in reviewing your request. Space is provided in the CDP to capture this information.

As you prepare your capital budget submission, please be aware of the following issues:

1. Expenditures in the current year capital budget should not be overestimated. Anticipated expenditure levels should be projected realistically.
2. Anticipated project cash carryover should be realistic and based on a review of actual prior year expenditure and carryover levels. Such a review should help reveal any unrealistic forecasting. Please be prepared to substantiate your estimates of cash carryover into FY 2004-05 as well as anticipated FY 2004-05 project expenditure levels.

3. The time value of money should be addressed in a consistent fashion and the method for doing so is included in the instructions.
4. Complete information should be provided for all capital projects including, but not limited to, designating the County Commission District(s) and Community Council District(s) in which projects are located, project completion dates, and reasonable estimates of operating impacts of planned capital projects.

As in the previous year, the "Capital Budget Overview Chart" (Chart VI of the performance-based budgeting charts) should not be submitted with your capital budget. It should be completed in coordination with your budget analyst after your capital budget submission has been reviewed and the database has been updated to reflect your departmental capital projects. A link is provided in the web-based application to access this chart. It is also included in the "Budget Preparation Manual" for the Operating Budget.

Unfunded capital projects should be reviewed and reprioritized accordingly. The list of unfunded projects will be used as a basis to determine those projects which may be recommended for inclusion in any general obligation bond program we recommend to the BCC. Therefore, it is critical that you carefully review your list of unfunded projects to ensure each project provides a detailed description and realistic estimates. New projects should be added as deemed appropriate. As required with funded projects, you should also highlight if a project includes an information technology component.

Each department should be prepared to discuss its capital budget submission during your budget hearing. The "Capital Budget Overview Chart" will be used for discussion and should include new funding requests, status of current projects funded from the COR and Community Development Block Grant projects, and priority unfunded projects that should be included in a future bond program.

My staff and I appreciate your assistance in developing a thorough and well-reasoned capital program and budget. I welcome your comments and suggestions on our web-based application. We look forward to working with you and your respective staffs to develop the Capital Budget and Multi-Year Capital Plan for the upcoming year.

cc: Honorable Joseph P. Farina, Chief Judge, Eleventh Judicial Circuit
Honorable Harvey Ruvin, Clerk of Courts
Honorable Katherine Fernandez-Rundle, State Attorney
Honorable Bennett H. Brummer, Public Defender
George M. Burgess, County Manager
Robert A. Ginsburg, County Attorney
Marvin O'Quinn, President, Public Health Trust
Assistant County Managers
Departmental Capital Budget Liaisons
Budget Analyst Staff